

FSC ANNOUNCES SPECIFIC PLANS FOR FINANCIAL INNOVATION AND DIGITAL FINANCE

The FSC announced a detailed work plan for financial innovation and digital finance on January 28, which aims to spur the growth of fintechs, promote the spread of online-based financial services and build financial infrastructures necessary for digital innovation.

BACKGROUND

The government has been working to promote digital finance and innovation in financial services through a variety of policies. The Special Act on Support for Financial Innovation went into effect in April 2019, which introduced a financial regulatory sandbox program. The Fintech Center Korea was established in January 2018 to provide comprehensive support for fintech startups. In an effort to promote a digital transformation in the financial industry, the fintech investment guidelines were introduced in October 2019 and more innovative types of businesses such as MyPayment came into being. In December 2019, open banking service was introduced, and in January 2020, the revisions to the Credit Information Use and Protection Act were finalized which will promote the use of data and the growth of MyData industry. In order to strengthen data security and ensure safety in payment systems, enhanced security measures were introduced in the wake of the COVID-19 pandemic. Against this backdrop, the FSC will work on the following to further promote innovation and digital transformation in the financial industry.

KEY POLICY TASKS

A. ADVANCEMENT OF FINTECH INDUSTRY

- (1) Introduce a digital sandbox through which fintech startups can have opportunities to virtually test their new business ideas (from Jun-Aug 2021)
- (2) Establish a comprehensive fintech support system by working on a legislation focused on nurturing fintechs (within 2021), further improving the management of the regulatory sandbox program (Jan 2021) and expanding financial support through state-backed financial institutions and private sector investments (Q1 2021)
- (3) Work to boost the organizational capabilities of the relevant divisions and agencies (Q1 2021)

B. PROMOTION OF ONLINE-BASED FINANCIAL SERVICES

- (1) Promote platform finance to further advance innovation in financial services by

- encouraging the use of big data analytics (H1 2021)
- (2) Improve the convenience and safety of online and mobile authentication and identity verification systems in financial services (H1 2021)
 - (3) Establish a regulatory environment to facilitate telecommuting of fintechs and financial institutions by improving the relevant rules on network separation, etc. (H1 2021)
 - (4) Ensure a stable operation of open banking services for the users of credit card and financial investment services (H1 & Jul 2021)

C. ESTABLISHMENT OF DIGITAL FINANCE INFRASTRUCTURES

- (1) Improve rules on data privacy to enhance consumer rights to data ownership and ensure that consumers are thoroughly informed about the risks of data transfer (throughout 2021)
- (2) Set up necessary infrastructures to allow easy access to data convergence using abundance of data stored at financial institutions and across different industries (within 2021)
- (3) Draw up measures to promote the development of AI-based financial services by setting up infrastructures for providing support through testbeds (Q3 2021) and introducing guidelines to ensure user safety (Q2 2021)

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